



**GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOUSING PRODUCTION TRUST FUND
A Governmental Fund of the District of Columbia**

**Financial Statements together with
Reports of Independent Public Accountants**

For the Year Ended September 30, 2018



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Independent Auditor's Report

The Mayor and Council of the Government of the District of Columbia
Inspector General of the Government of the District of Columbia

Report on the Financial Statements

We have audited the accompanying balance sheet and the statement of revenues, expenditures and change in fund balances of the Housing Production Trust Fund (HPTF), a component unit of Washington, District of Columbia, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the HPTF's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

WILLIAMS, ADLEY & COMPANY-DC, LLP

Certified Public Accountants/ Management Consultants

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Opinion on Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund balance of the HPTF as of September 30, 2018, and the changes in its fund balance for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance on RSI.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

In planning and performing our audit of the financial statements, we considered HPTF's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of HPTF's internal control. Accordingly, we do not express an opinion on the effectiveness of HPTF's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant

deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We did identify two deficiencies in internal control, described in Appendix I as items 18-01 and 18-02 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether HPTF's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in Appendix I Continuing Prior Year Findings as item 18-02.

Management's Responses to Findings

HPTF's management's responses to the findings identified in our audit are included in Appendix I. HPTF's management's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of HPTF's internal controls or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HPTF's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.

Williams, Adley & Company-DC, LLP

Washington, DC
April 28, 2021

18-01: Inaccurate Presentation of Financial Statements and Related Footnotes

The Department of Housing and Community Development (DHCD) did not have adequate internal controls in place to ensure the accurate reporting of financial information in its annual report. Specifically, during our review of the financial statements and related footnotes for the fiscal years (FY) ended September 30, 2018, we noted that in FY 2017 a money market account that was presented as investment, was presented as cash and cash equivalents in FY 2018 in accordance with the cash policy. While the change in presentation is appropriate, FY 2018 financial statements should have included a footnote discussing the change in presentation. Additionally, the Management Discussion and Analysis for fiscal year 2018 included errors in the tables.

The following significant discrepancy was noted between amounts in the footnotes and the financial statements and/or supporting documentation.

	Financial Statements provided after auditor comments	Initial financial Statements provided
<i>FY 18</i>		
Note 7 Commitments & Contingencies – total amount of undisbursed loans	\$128,258,158	\$126,137,569

DHCD does not utilize a financial reporting checklist to ensure consistency and accuracy of the information presented in the management discussion and analysis, financial statements and footnotes. The supervisory review was insufficient.

Standards for Internal Control section 13.05 states “Management processes the obtained data into quality information that supports the internal control system. This involves processing data into information and then evaluating the processed information so that it is quality information. Quality information meets the identified information requirements when relevant data from reliable sources are used. Quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis. Management considers these characteristics as well as the information processing objectives in evaluating processed information and makes revisions when necessary so that the information is quality information.”

As a result, certain amounts in the HPTF’s unaudited Annual Financial Report did not accurately reflect the proper balances and appropriate disclosures. If the corrections had not been made during the audit, prior to the release of the report, readers of the Annual Financial Report could have made incorrect decisions based on an inaccurate report.

Williams Adley recommends that DHCD:

1. Develop a checklist that ensures HPTF’s annual report complies with Governmental Accounting Standards Board requirements for the presentation.
2. Retains documentation of the review of the complete Annual Financial Report.

Management Response:

The OCFO has strengthened its internal controls over the preparation of the HPTF annual financial report and related footnotes for FY 2020 and going forward. This includes performing a more comprehensive/thorough review of the financial statements and ensuring that the review process is documented, every number presented is tied to supporting documentation, and that all the supporting documentation used to prepare the footnotes is retained. In addition, we are developing and implementing a financial statement disclosure checklist as part of the financial statement review process to ensure completeness, consistency, and accuracy of the information presented in the management discussion and analysis, financial statements and footnotes.

18-02: Noncompliance with Annual Audit Requirement

The Department of Housing and Community Development (DHCD) did not procure an independent entity to conduct an annual audit of the Housing Production Trust Fund (HPTF) for the fiscal years 2018, in a timely manner. Specifically, DHCD did not contract independent auditors to conduct the audit of HPTF's FY2018 financial statements until June 2020.

As reported in the FY 2016 audit report, dated October 12, 2018, HPTF has not been timely about performing annual audits in the past; however, attempted to obtain assurance to try and be more current by having an independent audit firm conduct the audits for FY2017, 2018, and 2019 simultaneously. However, HPTF is still not in compliance with the Code of the District of Columbia requiring an annual audit of the fund.

The final Independent Auditor's report, for the fiscal year 2016 HPTF financial statement audit was not published until fiscal year 2019. The delay caused DHCD to become behind in scheduling procuring services for the fiscal year 2018 financial statement audit.

Code of the District of Columbia §42–2801 Housing Production Trust Fund established. (d)(3) requires “The Department shall: Conduct annual audits, publish annual reports, hold public hearings, and make annual assessments of the continued housing needs of targeted populations.” Without timely audits, users of HPTF's financial statements do not have important information to help assess the effectiveness of controls and operations on an annual basis. Additionally, without having an annual audit HPTF could face legal consequences and a reduction of funding.

Williams Adley recommends that DHCD ensure that annual audits are procured and conducted in a timely manner. Specifically, DHCD should:

1. Ensure the FY2020 and FY2021 audits are performed by December 2021.
2. Formalize a plan to ensure the procurement process for the financial statement audit is finalized a year in advance, beginning with the FY2022 financial statement audit.

Management Response:

Management concurs with the finding regarding the lack of timely audits of the HPTF. The current audit brings the agency up to date, and the statement of work for an FY2020 audit is currently under review. It is hoped that in the future the audit of the HPTF can be included in the contract for the city-wide Consolidated Annual Financial Report, as the HPTF is a significant fund and should be included in the annual audit.

Appendix II – Status of Prior Year Findings and Recommendations

Our assessment of the current status of prior year findings is presented below.

Prior Year Finding	Current Year Status
Control Significant Deficiencies	
17-01: Inaccurate Presentation of Financial Statements and Related Footnotes	Open and repeated in FY 2018 Audit Report
17-02: Noncompliance with Annual Audit Requirement	Open and repeated in FY 2018 Audit Report

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOUSING PRODUCTION TRUST FUND**

**Management's Discussion and Analysis
September 30, 2018**

The following is a discussion and analysis of the Government of the District of Columbia's (District) Housing Production Trust Fund (the Fund) financial performance for the fiscal year ended September 30, 2018. The financial statements and accompanying notes on pages 6 through 10 should be read in conjunction with this discussion.

Basic Financial Statements

The Fund's basic financial statements are comprised of two components: fund financial statements and notes to the financial statements.

- **Fund financial statements.** The governmental fund financial statements focus primarily on the sources, uses, and balances of current financial resources. The financial statements consist of a Statement of Financial Position and Statement of Revenues, Expenditures, and Changes in Fund balances.
- **Notes to the financial statements.** The notes provide additional information that is essential to fully understand the data provided in the fund financial statements.

2018 Financial Highlights

- Other long-term assets/net loans receivable increased by \$2,722,092 or 3%.
- Provision for doubtful accounts increased by \$114,094,334 or 22%.
- Cash and cash equivalents decreased by \$68,931,901 or 30%.
- Due from other funds decreased by \$716,562 or 13%.
- Unearned revenue recorded for the fund increased by \$2,722,092 or 3%.
- 43 new loans were issued in 2018 amounting to \$167,754,563.
- 626 Affordable Housing units started
- 1,183 new Affordable Housing units completed

Table 1 - Condensed Statement of Financial Position as of September 30, 2018 and 2017:

	FY 2018	FY 2017	Variance	%
Total Assets	\$ 265,132,802	\$ 332,002,248	\$ (66,869,446)	-20%
Total Liabilities	97,735,936	95,013,844	\$ 2,722,092	3%
Retricted Fund Balance	\$ 167,396,866	\$ 236,988,404	\$ (69,591,538)	-29%

Total Assets

Total assets decreased by \$66,869,446 or 20% due to a reduction in cash and cash equivalent balances, primarily related to a reduction in Intra-Fund transfers-in and an overall reduction in fund balance related to higher expenditures from the fund.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOUSING PRODUCTION TRUST FUND**

**Management's Discussion and Analysis
September 30, 2018**

Total Liabilities

The total liabilities increased by \$2,722,092 or 3% due to additional commitments made as a result of the additional funding in FY 2018.

Table 2 - Condensed Statements of Revenues, Expenditures and Change in Fund Balances for the years ended September 30, 2018 and 2017:

	2018	2017	Variance	%
Revenue				
Deed Recordation and Transfer Taxes	\$ 61,071,625	\$ 58,013,719	\$ 3,057,906	5%
Investment Income & Other	11,062,012	10,418,936	643,076.2	6%
Total Revenue	72,133,637	68,432,655	3,700,982	5%
Expenditures	154,240,683	124,487,250	29,753,433	24%
Excess of Expenditures over Revenues	(82,107,046)	(56,054,595)	(26,052,451)	46%
Transfers In	12,515,509	42,732,104	(30,216,595)	-71%
Net Change in Fund Balances	\$ (69,591,537)	\$ (13,322,491)	\$ (56,269,046)	422%

2018

Revenues

- Tax Revenues increased by \$ 3,057,906 or 5% due to higher Deed Recordation and Transfer Taxes received in FY 2018. See Table 6 below.
- Investment and other income increased by \$643,076 or 6% in FY 2018 over FY 2017 due to an increase in HPTF loan repayments, pay-offs and interest earned.

Expenditures

- Expenditures increased by \$ 29,753,433 or 24% from FY 2017 to FY 2018, which can be attributed to the agency's focus on closing multi-family loans to increase the number of affordable housing units as part of the Mayor's Affordable Housing Initiative.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOUSING PRODUCTION TRUST FUND**

**Management's Discussion and Analysis
September 30, 2018**

Table 3 – Other Long-term Assets/Loans Receivable as of September 30, 2018 and 2017:

	2018	2017	Variance	%
Loans Receivable	\$ 722,295,051	\$ 605,478,625	\$ 116,816,425	19%
Allowance	(624,559,115)	(510,464,781)	(114,094,334)	22%
Total	\$ 97,735,936	\$ 95,013,844	\$ 2,722,092	3%

Table 4 - Number of Active Loans as of September 30, 2018 and 2017:

	2018	2017	Variance	%
Amortized Loans	115	115	0	0%
Deferred Loans	327	289	38	13%
Total	442	404	38	9%

Table 5 – Revenue from Loan and Interest Payments for the years ended September 30, 2018 and 2017:

	2018	2017	Variance	%
Amortized: Loan Repayments and Interest	\$ 3,899,218	\$ 2,239,483	\$ 1,659,736	74%
Deferred: Loan Repayments and Interest	2,106,552	1,182,327	924,225	78%
Total	\$ 6,005,770	\$ 3,421,809	\$ 2,583,960	76%

Table 6 – Government of the District of Columbia Deed Recordation and Transfer Taxes for the years ended September 30, 2018 and 2017:

	2018	2017	Variance	%
Deed Recordation Taxes	\$ 33,396,391	\$ 31,918,760	\$ 1,477,631	5%
Deed Transfer Taxes	27,675,234	26,094,959	1,580,275	6%
Total	\$ 61,071,625	\$ 58,013,719	\$ 3,057,906	5%

Table 7 – Number of Affordable Housing Units under Development, Completed and Started during FY 2018 and 2017.

	2018	2017	Variance	%
Affordable Housing Under Development	1,834	2,153	-319	-15%
Affordable Housing Completed	1,183	705	478	68%
Affordable Housing Initiated	1,626	1,542	84	5%
Total	4643	4400	243	6%

GOVERNMENT OF THE DISTRICT OF COLUMBIA HOUSING PRODUCTION TRUST FUND

Management's Discussion and Analysis September 30, 2018

The decrease in FY 2018 units under development over FY 2017 is attributed to the fact that many of the properties under construction in FY 2017 were completed in FY 2018.

The increase in completed housing units in FY 2018 over FY 2017 resulted from more of the properties under construction in FY 2017 being completed in FY 2018.

DHCD committed more funding in FY 2018 to new Affordable Housing construction than in FY 2017. The funding increase resulted in more housing construction units initiated over FY 2017.

FY 2019 OUTLOOK

Total revenue collection for FY 2019 was originally estimated at approximately \$60.7 million based on anticipated increases in dedicated tax collections and loan repayments tied to current economic trends. Deed Recordation and Deed Transfer taxes is estimated to account for \$51.3 million of projected revenues, with another \$15.7 million coming from miscellaneous revenue from loan repayments and interest collected on loans in the Fund's loan portfolio. Through the end of January, collections appear to be running ahead of the original estimates. In addition, the Mayor is expected to provide another \$39.3 million in local funding to support her commitment to keep the HPTF funded at \$100 million annually.

The Agency projects that approximately 1,000 new affordable housing units will be under development in FY 2019, with 1,500 units projected to be completed. The Agency anticipates selecting as many as 8-10 new multi-family development projects in the 2019. The Agency estimates spending more than 150 million in HPTF funds in FY 2019.

This report is designed to provide a general financial overview of the District of Columbia Government's Housing Production Trust Fund. If you have any questions regarding this report, please contact Beth Spooner, Agency Fiscal Officer of the Department of Housing and Community Development at (202) 442-7173.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOUSING PRODUCTION TRUST FUND**

**Statement of Financial Position
As of September 30, 2018**

ASSETS

Cash and cash equivalents (restricted)	\$ 159,975,194
Investments (restricted)	2,146,900
Accounts receivable, net	328,107
Due from other funds	4,946,665
Other long-term assets/ Loans receivable, net	97,735,936
Total Assets	<u><u>\$ 265,132,802</u></u>

LIABILITIES

Accounts Payable	-
Unearned revenue	\$ 97,735,936
Total Liabilities	<u>97,735,936</u>

FUND BALANCE

Restricted fund balance	167,396,866
Total Liabilities and Fund Balance	<u><u>\$ 265,132,802</u></u>

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOUSING PRODUCTION TRUST FUND**

**Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended September 30, 2018**

REVENUE

Deed recordation and transfer taxes	\$ 61,071,625
Investment income	39,205
Loan repayments and interest	6,005,770
Other - Inclusionary zoning fees	5,017,037
Total Revenue	<u>72,133,637</u>

EXPENDITURES

Economic development and regulation	154,240,683
Total Expenditures	<u>154,240,683</u>

Excess of Expenditures Over Revenues (82,107,046)

OTHER FINANCING SOURCES

Transfers in	12,515,509
Total Other Financing Sources	<u>12,515,509</u>

NET CHANGE IN FUND BALANCE (69,591,537)

Restricted Fund Balance at the beginning of the year	236,988,403
Restricted Fund Balance at the end of the Year	<u>\$ 167,396,866</u>

GOVERNMENT OF THE DISTRICT OF COLUMBIA HOUSING PRODUCTION TRUST FUND

Notes to the Fund Financial Statements For the Year Ended September 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Housing Product Trust Fund (the Fund), was established under the District of Columbia (the District) Housing Production Trust Fund Act of 1988, D.C. Law 7-202, D.C. Code § 42-2802. Under the District of Columbia Housing Act of 2002, D.C. Law 14-114, beginning on October 1, 2003, 15% of the District revenues from real property transfer and deed recordation taxes are dedicated to the Fund each fiscal year, less debt service.

The purpose of the Fund is to provide loans and grants to for-profit and nonprofit developers who are seeking to build or preserve existing affordable housing in the District.

Reporting Entity

The financial statements present only the Housing Production Trust Fund and do not purport to, and do not present fairly the financial position of the District as of September 30, 2018 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis of Accounting and Measurement Focus

The Fund's activities are accounted for in the District's special revenue fund, a governmental fund type, which is accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (that is when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered by District to be 60 days. Expenditures are recorded when the related liabilities are incurred.

Cash and Cash Equivalents

Cash and cash equivalents represent cash and investments with maturities of 90 days or less.

Fund Balance

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund type Definitions*, the Fund's fund balance is classified as restricted. At September 30, 2018, the cumulative revenue exceeded the cumulative expenditures incurred, resulting in positive fund balance.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOUSING PRODUCTION TRUST FUND**

**Notes to the Fund Financial Statements
For the Year Ended September 30, 2018**

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH AND CASH EQUIVLENTS

The Fund's cash is deposited into an invested pooled account with the District. In accordance with District policies, substantially all of its deposits were insured or collateralized with securities held by the District or by its agent in the name of the District.

3. ACCOUNTS RECEIVABLE

The District has a loan service provider that receives and tracks the majority of the loan repayments and balances. At September 30, 2018, the service provider had not remitted the September loan and interest payments totaling \$328,108 to the District before year-end.

4. INVESTMENTS

The restricted investment is the invested portion of available funds. The funds are restricted because resources in the Fund are restricted by law through enabling legislation for the purpose of providing financial assistance to a variety of affordable housing programs and opportunities. As of September 30, 2018, the Fund had \$2,146,001 invested in guaranteed investment contracts (Level 3), which are valued at fair value by discounting the related cash flows based on current yields of comparable instruments considering the creditworthiness of the issuer.

5. OTHER LONG-TERM ASSETS/LOANS RECEIVABLE

The Fund other long-term assets consists of loans receivable as follows:

	Loan Amount	Allowance	Receivable
Amortized Loans	\$ 80,446,714	\$ (21,720,613)	\$ 58,726,101
Deferred Loans	641,848,337	(602,838,502)	39,009,835
Total	\$ 722,295,051	\$ (624,559,115)	\$ 97,735,936

- Amortized loans are required to be completely paid-off over a specific period of time at a predetermined interest rate.
- Deferred loans allow the borrower of a low-income eligible property to defer repayment of principal during construction, major rehabilitation or modification, and lease period.

GOVERNMENT OF THE DISTRICT OF COLUMBIA HOUSING PRODUCTION TRUST FUND

Notes to the Fund Financial Statements For the Year Ended September 30, 2018

In 2018, allowance for amortized loans was assessed at 27% based on delinquency and actual historical collections. Allowance for deferred loans was assessed at 0% of outstanding loans with scheduled repayments and 100% of outstanding loans with no scheduled repayments.

There were no loans written off in 2018.

6. DUE FROM OTHER FUNDS

The Treasury transfers monthly revenues (deed recordation taxes and deed transfer taxes) from the Office of the Chief Financial Officer to the Fund. As of year-end, the Treasury had not remitted the September collections totaling \$4,946,665 to the Fund.

7. TRANSFERS FROM GENERAL FUND

The Fund received a pledge from the Mayor totaling \$99.2 million in fiscal year 2018. In addition to the annual dedicated deed recordation and deed transfer taxes from the District's general revenues, \$27,677,880 was transfers-in from the general fund for the year ended September 30, 2017. Therefore, the subsidy transfer needed was only \$12,515,509.

8. COMMITMENTS AND CONTINGENCIES

The Fund has entered into agreements with developers whereby loan funds have been partially disbursed or are not yet disbursed. As of September 30, 2018, the total amount of undisbursed loans under executed agreements was \$128,258,158.

9. COSTS ALLOCATED FROM THE DISTRICT TO THE FUND

The Fund does not have any direct employees. Instead, direct labor costs are allocated from the District based on actual hours worked at the rate for salary and fringe benefits. Indirect labor and other overhead costs are also allocated to the Fund.

10. PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Certain employees of the District are covered under a defined contribution pension plan as well as a postemployment benefit plan, which are sponsored by the District. The District prepares a separate comprehensive annual report, which can be obtained from the Office of the Chief Financial Officer at 1350 Pennsylvania Avenue, N.W., Suite 209, Washington D.C. 20004.

11. SUBSEQUENT EVENTS

The Fund's management has evaluated subsequent events through the date this report was available for issuance, which was April 28, 2021. There are no material events that would have an effect on the financial statements.